

E-commerce Elevates Indiana's Prison Enterprise Program

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"Prison industry has been around forever. We have always relied heavily on offenders to manage our facilities, whether its preventive maintenance or janitorial duties, but my desire to promote prison industry stemmed from wanting to find a way to expand our re-entry effort. We wanted to provide a service that gives back to the community"

J. David Donahue,
Commissioner

When Indiana Department of Corrections (INDOC) Commissioner J. David Donahue began his term in January 2005, he was charged with reducing the state's recidivism rate. With 90 percent of his inmate population consistently eligible for release, Donahue had to find a comprehensive solution that would encourage inmates to learn the values needed to successfully lead a life outside of prison.

This month, he came one step closer to accomplishing this mission when the INDOC's Prison Enterprise Network (PEN) division turned its website in an e-commerce and income-generating tool.

"Prison industry has been around forever. We have always relied heavily on offenders to manage our facilities, whether its preventive maintenance or janitorial duties, but my desire to promote prison industry stemmed from wanting to find a way to expand our re-entry effort. We wanted to provide a service that gives back to the community," Donahue says, who oversees approximately 8,000 employees and 24,000 adults and juveniles in 32 facilities.

"So, our prison industry has evolved to what we have today," adds Mike Herron, director of PEN Products. "PEN jobs go beyond regular prison work because it emulates the real job world."

Herron interviews, hires and fires inmates in the PEN program. While working, they learn to follow schedules, listen to and follow specific instructions, and take responsibility for their actions. Last year, 1,169 offenders received training that included instruction on job-related skills, and an emphasis on task orientation, regular attendance and quality control. Skills like these, says Donahue, prepares inmates for

a better chance of success upon their release.

PEN operates at ten correctional facilities statewide where inmates make t-shirts, boxers, and khakis, along with other products like metal cabinets, desks, book cases, and credenzas. Most products have been made for prison use, but recent state laws have allowed the INDOC to sell its goods to the general public and to other state agencies.

“We recently purchased six new color printing presses to do jobs for state agencies in Sullivan, and we have teamed up with local businesses too. We’re making wire harnesses a company now,” says Herron.

Workers are currently building a line of picnic tables for sale to the private sector. PEN recently has been commissioned to build log cabins for Indiana’s Department of Natural Resources too.

Prisoners get paid about 35 to 55 cents an hour, which is better pay than other INDOC inmate jobs. Herron says inmates work 7 ½ hours shift and put some of their earned money into a saving account or use it to buy commissary items.

“Our joint partnerships with private businesses let companies set up their manufacturing environment in the corrections facility as well and then they will also compensate offenders for their work,” Donahue explains.

This partnership has exposed prisoners to companies that might have job opportunities for them when they are released. Companies also get a first-hand look at potential employees.

“If an employer is satisfied with the prisoner when he’s in, there’s a good chance the ex-offender would be a nice addition to a company that’s looking for help when he gets out,” says Donahue.

According to the commissioner, ex-offenders already have been hired by companies and organization because of the skills they have developed while working at PEN.

PEN has been able to increase its work opportunities and employ more prisoners. That, along with the Indiana law that allows the INDOC to sell goods to the public and other agencies, prompted it to start an e-commerce site.

“The Internet was a recognizable next step for us. It helps us manage our time and productivity and makes it easier for companies to buy directly from us,” Donahue explains.

Part of PEN’s success has been its ability to be a financially self-sustaining re-entry program that also contributes funds to the INDOC. As a result, no tax dollars are used to support the program.

“This opportunity bodes well for managing the economics of the prison industry,” Donahue says. “Offenders’ wages are garnished to pay for victim restitution and court fees, and generated revenue also

contributes to the cost of confinement.”

Herron says PEN brings in about \$36 million in revenue a year, which goes into a revolving fund. It is then used to pay for salaries, tools, and raw materials

“We struggle to break even because our industry tends to stay small so we don’t compete with area businesses. As a result, we don’t have the purchasing power that big companies do,” Herron says.

Both Donahue and Herron stress that PEN cannot displace Indiana workers or drive other companies out of business, but its program has been able to keep revenue in Indiana and in the U.S that might otherwise go to other countries, like Mexico and China. On several occasions PEN has won bids for jobs that companies were considering sending overseas or out of state because of lower labor costs.

“Our goal is promote prison industry so it helps offenders develop a strong work ethic. Prison industry isn’t all about making license plates. It is a program that can cut down recidivism and promote our economy,” Donahue says.

Indiana offenders are also feeling PEN’s benefits.

“When I talk to offenders, they tell me they have a sense of purpose. Our program gets them out of their housing units and makes them feel useful.”

Donahue says his facilities are currently measuring the program’s impact on reducing recidivism rates. As the program’s success grows, he says he is encouraged by PEN’s positive impact on Indiana’s industry, its economy, and its inmate and ex-offender population.

Bottom Line:

Herron and Donahue both say e-commerce has bolstered PEN’s success as an income-generating tool that helps make the program self-sustainable.

PEN does not displace Indiana workers but instead takes jobs that otherwise might go overseas, thus keeping revenue in state.

For more information on PEN, visit www.penproducts.com or contact Mike Herron at 317.388.8580 or mherron@DOC.IN.gov.

About The Department of Correction

The Department employs over 8,000 employees and houses 24,000 adult and juveniles in 32 facilities, ranging from minimum to maximum custody, prison camps, juvenile facilities and work release centers.

The Department's home page on the Internet can be found at: <http://www.in.gov/indcorrection>. The Department's Re-entry Site can be found: <http://www.reentry.in.gov>.